#### PACIFIC TELESIS.

### Public Policy Issues

#### Surfing the "Second-Wave": Sustainable Internet Growth and Public Policy

This document is also available in Adobe Acrobat PDF format.

To view the Adobe Acrobat version please download Adobe Acrobat Reader.

#### Regulatory Update

An online version of the company newsletter "Inside Line," provides a detailed regulatory update and projected rulings for the remainder of this year.

#### Policy Updates

Including the company's position on May 1996 NII Copyright Protection Act activity.

#### Telecom Act of 1996

Universal Service

#### Interviews

Other Telecommunications Web Sites

#### Pacific Bell Services to Pacific Bell Communications

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webmaster@pactel.com

Monday, May 12, 1997

### PACIFIC TELESIS.

#### Services

# Services provided by Pacific Bell to Pacific Bell Communications

#### Benefit Plan Services Common to All\*

#### Description:

The following services will be provided in support of those Benefit Plan Services Common to All:

#### A. GENERAL

Oversee daily administration interpretation and implementation of the benefit plan services common to all, including:

- Health Plans, HMO Administration, FSA Administration
- Concessions Program
- Adoption Assistance Program
- Vision Care Plan
- · Dental Plans
- · Service Recognition Program
- · Long Term Disability Plan
- Coordinate interdepartmental and intercompany activities required to implement Benefit Plan Services Common To All
- Provide advice and counsel to the field benefit office, Legal Department, Health Services Department and contracted carriers and vendors
- · Negotiate fees of administrators
- Select and monitor administrators, carriers, vendors and consultants responsible for the administration of the Benefit Plan Services Common To All
- Provide appropriate policy for transfer of records and rights for employee transfer among subsidiaries of the Pacific Telesis Group
- Provide subsidiary personnel training on new procedures (initial and ongoing)
- Provide meaningful analysis related to monitoring and budgeting of expenses included under Other Employee Benefits, Health Plans and Insurance Plans
- Implement cost containment strategies specifically designed to provide quality, cost effective benefits for all employees and their dependents
- Provide implementation, direction, and advice and counsel on Company wide absence management processes and issues

#### **B. METHODS AND PROCEDURES**

Maintain plan texts as required by Federal Law (ERISA) Provide multiple plan materials as required, including:

Tax Booklets

Benefit Plan Services
Common to All\*

Benefit Plan Services
Common to All
Employees/Beneficiaries\*

Centralized Distribution
Center (CDC) Services

Computer Security
Services

Consulting Services Information Systems Development

Consulting Services
Marketing Support\*\*

Data Center Operations.
Systems Support and
Planning Services

Disability Assistance Program

Information Directory
Services

Nevada Bell Service To
Pacific Bell
Communications\*\*

Mail and Messenger Services

Project Management Services

Pacific Bell
Communications Service
to Pacific Bell

- Forms
- Statements (e.g., Benefacts)
- Letters and notices required for plan execution
- Claims manuals on various plans

If user assumes responsibility for benefit delivery, provides methods and procedures for execution of plan provisions and provides update of these methods as needed due to Company, contract or government changes, e.g., Delivery Procedures and Policy Letters.

#### C. COMMUNICATIONS

Provide written communications to active employees and to retirees on matters that affect their interest in the plans and law, e.g.:

- Summary plan descriptions
- · Plan changes and reminder notices
- Legal matters
- Hospital/medical open enrollment, new alternative plans
- Systems Instructions and Management Handbook Sections

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The cancelling party shall provide thirty (30) days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

\*Common to All - is provided to all Pacific Telesis Group employees under the same terms and conditions.

#### Benefit Plan Services Common to All Employees/Beneficiaries\*

#### Description:

The following services will be provided in support of those Benefit Plan Services Common to All:

#### A. GENERAL

Oversee daily administration of the common Benefit Plans including:

- Group Supplemental Retirement and Savings Plan for salaried Employees
- Group Supplemental Retirement and Savings Plan for nonsalaried employees
- Employee Stock Ownership Plan (ESOP)
- Pension Plan for salaried employees

- Pension Plan for nonsalaried employees
- Provide advice and counsel on policy, procedures and interpretation of the plans.
- Interface with Plan record keepers, Trustees, Stock and Bond, Accounting, Treasury, and insurance carriers.
- Negotiate fees of insurance carriers.
- Evaluate and select carriers, and execute contracts with Benefit Plan providers and carriers.
- Provide appropriate policy for transfer of records and rights for employee transfers among subsidiaries of the Pacific Telesis Group.

#### **B. METHODS AND PROCEDURES**

Maintain plan texts as required by Federal Law (ERISA) Supply all employees with Summary Plan Descriptions Provide multiple Plan materials including:

- Prospectuses
- Tax Booklets
- Forms
- Statements (e.g., Benefacts)
- Letters and notices required for plan execution
- Claims manuals on various plans

If user assumes responsibility for benefit delivery, provides methods and procedures for execution of plan provisions and provides update of these methods as needed due to Company, contract or government changes, e.g., Delivery Procedures

#### C. COMMUNICATIONS

Provide written communications to active employees and to retirees on matters that affect their interest in the plans and law, e.g.:

- · Plan changes and reminder notices
- Legal matters
- Monthly Unit values
- Notice of rights to active employees as they become pension eligible and as they become 65 years of age.
- Announcements on Plans

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

Termination: The cancelling party shall provide thirty (30) days prior written notice to other party. This service involves maintaining client's materials. In the event that the service is terminated, records will be dispersed as determined by both Pacific Bell and the client.

#### **Rates and Conditions:**

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

#### Direct Expenses:

Expenses which are 100% billable include, but are not limited to, the following:

- Expense associated with special projects requested by the client company
- Outside vendor costs solely associated with client requests

Service will be available within the states of California and Nevada. Each service agreement will be negotiated with each client.

A suitable timeframe will be negotiated to enable the Benefit Staff to schedule and complete the function in a timely manner. Information required from client will be determined based upon the type of service requested.

Requests for new benefit plans or additions/revisions to existing plans or special requests should be directed to the Pacific Bell Benefit Services Division in writing allowing enough time for the Benefit Services Division to schedule and complete the request in a timely manner.

The affiliate will be notified if any significant changes are to occur in the service.

The client will be notified in writing if it is necessary to use an outside vendor.

\*Common to All - is provided to all Pacific Telesis Group employees under the same terms and conditions.

#### Centralized Distribution Center Services

#### Description:

CDC services include preparing and addressing materials for mass distribution to company employees. It also includes large voice mail box list maintenance.

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein. **Termination:** The canceling party shall provide 30 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10%, or at market rate, whichever is higher.

Service available within the state of California.

Monday, May 12, 1997

Pacific Telesis - Services Page 5 of 10

#### **Computer Security Services**

#### Description:

Pacific Bell shall provide the client company computer and network security services. Services shall include support for investment and cost processing, which includes firewall development, maintenance and network surveillance, supporting Local Security Administrators (LSAs), maintaining and updating the computer security data base. In addition, methods & procedures, security consulting and compliance and investigative services shall be provided.

#### Terms

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The cancelling party shall provide 120 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

#### Direct Expenses:

All services provided exclusively for the client (i.e. Security Consulting, etc.). Service charges shall include salary costs, wages and other applicable costs.

Service will be available within the states of California and Nevada. Each service agreement will be negotiated with each client.

#### Consulting Services Information Systems Development

#### Description:

Pacific Bell shall provide consulting and other related activities to render assistance to client to:

- Create system requirements to support the information systems
- Develop systems, manage vendors and long term information systems operations.

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The canceling party shall provide 60 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 -

Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

# Consulting Services Marketing Support\*\*

#### Description:

Pacific Bell shall provide personnel on a consulting basis to render assistance to client to provide marketing support and other related activites. This will include, but not be limited to:

- Provide advice and counsel on Pacific Bell distribution channels for joint marketing.
- Develop requirements for systems support for joint marketing.
- Develop methods and procedures for Pacific Bell joint marketing of client services.

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The cancelling party shall provide 30 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

\*\* These services are provided in accordance with section 272 (g) (2) of the telecommunications act of 1996. Pursuant to 272 (g) (3), these services are not available to third parties.

# Data Center Operations, Systems Support and Planning Services

#### Description:

Pacific Bell shall provide Data Center planning, Data Center Operations and Data Center Systems Support - defined as a bundled set of services, introduced via the work entry process, including all of the following components:

- Data Center Computer Equipment Capacity Planning, System Planning, Configuration Management and Consultation
- Data Center Computer Equipment Asset Acquisition and Asset Management

- Data Center Disaster Recovery Planning and Consultation
- Data Center Implementation Coordination
- Data Center Availability Management and Data Center Operations Process Support
- Data Center Facilities Support
- Data Center Input/Output (tape and other media)
   Management
- Data Center Systems Operations
- Data Center Batch Application Operations
- Data Center Systems Administration
- Data Center Operations Database Administration

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

Termination: The canceling party shall provide 60 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

#### **Disability Assistance Program**

#### Description:

The Disability Assistance Program (DAP) is designed to assist employees in the recovery from disability caused by illness, off-duty accidents, or anticipated disability. Trained nurses monitor employees from the fourth day of absence to resolution of their case. Bona fide absences are certified and benefit payments are authorized. Employment information requested by the State for government disability insurance is also provided. [NOTE: This schedule does not cover services and expenses associated with employee appointments with the Pacific Bell Medical Facilities.]

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The canceling party shall provide 60 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

#### **Information Directory Services**

#### Description:

Information Directory Service is a personnel database. This service maintains and updates personnel information to all three service functions as follows:

OFFICIAL COMPANY DIRECTORY

REGIONAL ADMINISTRATIVE CALL HANDLING - EMPLOYEE LOCATOR (RACHEL) - (Operator Assisted)

TOUCH-TELL DIRECTORY (Automated Dialing)

#### Terms:

Duration of Schedule: Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

Termination: The canceling party shall provide 30 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10%, or at market rate, whichever is higher.

Service available within the state of California.

#### Mail and Messenger Services

#### Description:

Mail and Messenger Services shall include four major functions all provided or available on a daily basis:

#### **MOTORIZED MAIL**

The provision of vehicle service primarily used to pick up and deliver non-freight Company media. The Motorized Messengers also interface with other mail handling facilities.

#### **PRIMARY MAIL**

The sorting and dispatching of incoming and outgoing U.S., intercompany mail. The centralized messengers also interface with secondary mail, motorized mail, and provide liaison with vendors and U.S. Post Office Services.

#### SECONDARY MAIL

The pick up, sorting and delivery of interoffice mail within a large company building or complex on a scheduled basis.

CENTRALIZED (V-S-O/ROUTE DESIGN

#### GROUP)

Centralized group that handles all customer requests for mail service. This group is responsible for setting up mail service for the company statewide. V.S.O. works closely with the Messenger services, coordinating company mail service needs.

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein. **Termination:** The canceling party shall provide 30 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10%, or at market rate, whichever is higher.

Service available within the state of California.

#### Nevada Bell Service to Pacific Bell Communications\*\*

#### Service:

Statement of Market Operations and Strategic Planning Services

#### **Description:**

Nevada Bell will provide planning, project management, and implementation of Pacific Bell Communications joint marketing services.

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The cancelling party shall provide 90 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers.

Service available within the state of Nevada

- \*\* These services are provided in accordance with section 272 (g) (2) of the telecommunications act of 1996. Pursuant to 272 (g) (3), these services are not available to third parties.
- **Project Management Services**

#### Description:

Pacific Bell shall provide project management services for the client company which shall include but not be limited to the following:

- Customer Consultations
- Opportunity Assessments
- Project Decision Analysis
- Project Implementation

#### Terms:

**Duration of Schedule:** Initial term of one (1) year and shall continue thereafter until terminated as provided herein.

**Termination:** The canceling party shall provide 60 days prior written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

The service is priced at fully distributed cost plus an additional 10 percent, or at market rate, whichever is higher.

Service available within the state of California.

#### Pacific Bell Communications Service to Pacific Bell

#### **Description:**

Consulting and assisting in designing Pacific Bell data in the web pages.

#### Terms:

**Duration of Schedule:** Initial term of one (1) year, however the duration of the loan may not exceed six (6) months (April 30, 1997).

**Termination:** The canceling party shall provide 90 days written notice to other party.

#### Rates and Conditions:

The pricing is in accordance with the FCC Part 64 - Miscellaneous Rules Relating to Common Carriers and CPUC decisions set forth in D86-01-26, D87-12-067, and D92-07-072.

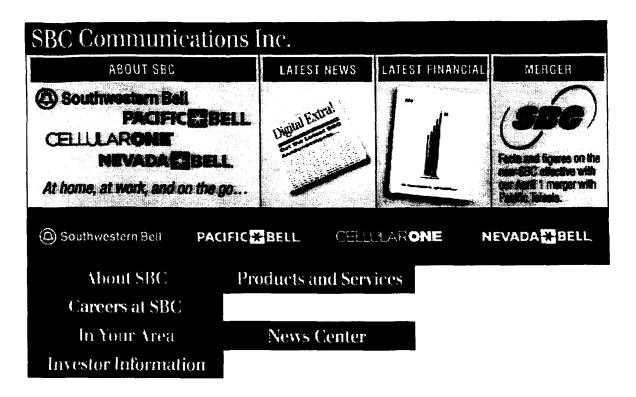
Service available within the state of California.

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webmaster@pactel.com

# SWEITZER ATTACHMENT G



If you are looking for information about Operation SchoolNet, it can now be found on the Southwestern Bell Web site at http://www.swbell.com.

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Monday, May 12, 1997

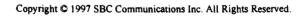
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### Services provided by Southwestern Bell Telephone Company to Southwestern Bell Long Distance

Section 272 (b)(5) of the Telecommunications Act of 1934 as amended by the Telecommunications Act 1996 requires that transactions between Section 272 affiliates and the Bell Operating Company of which they are an affiliate be "reduced to writing and available for public inspection." To satisfy Section 272 (b)(5)'s requirement, the Federal Communications Commission requires the section 272 affiliate in Docket No. 96-150, Accounting Safeguards Under the Telecommunications Act of 1996, "to provide a detailed written description of the asset or service transferred and the terms and conditions of the transaction on the Internet within 10 days of the transaction through the company's home page."

This web page will contain a detailed written description of all transactions between Southwestern Bell Telephone Company and its section 272 affiliate, Southwestern Bell Long Distance. Details of all transactions are forthcoming.



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# SWEITZER ATTACHMENT H

It is anticipated that SBLD will procure the services listed below from SWBT, Pacific Bell or Nevada Bell after 271 approval is granted. This list is as inclusive as possible as of the date of this affidavit, but may not be exhaustive.

Service	Service Description
Billing & Collections (B&C)	SBLD will contract with SWBT to perform billing and collections functions. SBLD will subscribe to the following B&C services sold under contract: billing, customer inquiry, collections, treatment, billing information, billing analysis.
IntraLATA Toll Resale	SBLD will consider resale of SWBT's proposed IntraLATA Toll Resale Product. IntraLATA Toll Resale will be offered to IEC's and provides the transport, recording, and extract of billable records.
Designated Operator Services/Traffic Operator Position System (DOS/TOPS)	SBLD will purchase SWBT's DOS/TOPS Product. DOS/TOPS will be offered to IEC's and provides the provisioning of Operator Services, recording, and extracting of billable records. SBLD will install and maintain its own calling card and message delivery platforms and data bases.
Account Maintenance/ Processing Customer Account Record Exchange (CARE)	SWBT will provide services as defined in its standard Account Maintenance Agreement. Account Maintenance is sold to various IEC's and provides primary interexchange carrier (PIC) change activity and customer information via CARE and Information Exchange and Subscription (INEXS).
Directory Assistance (DA) Access Service	SWBT, Pacific Bell and Nevada Bell will provide the ability to terminate calls from a customer's premises to a SWBT, Pacific Bell and Nevada Bell DA location to obtain telephone listing information.
Signaling System 7	SWBT will provide SS7 signaling for most in-region interLATA calls carried by SBLD.
IntraLATA Access Services	SWBT, Pacific Bell and Nevada Bell will provide switched and special intraLATA access services to SBLD.
Central Office Floorspace	SWBT will provide leased space in its central offices on a nondiscriminatory basis.
Other Tariff/Contract Services	SBLD will order any other SWBT, Pacific Bell or Nevada Bell tariff or contract services as they become available and as SBLD business needs warrant their purchase.
Joint Marketing	SWBT and SBLD will joint market their services as allowed in the FCC's Non-Accounting Safeguards First Report and Order issued in CC Docket No. 96-149.
Administrative Services	Services include various combinations of general administrative activities including, but not limited to, reproduction, word processing, forms management, conference services and intercompany mail delivery.
Purchasing and Contracting	SWBT will provide services procurement services including contract negotiation and consultation and ordering.
Belicore Support	SWBT will provide technical documentation at rates specifically described in individual pricing addenda for each Bellcore product SBLD uses.
Financial Systems	SWBT will provide general ledger and accounts payable systems and support personnel to maintain these functions to SBLD. SBLD books, records and accounts will continue to be kept by SBLD, separate from SWBT.

# SWEITZER ATTACHMENT I

St. Louis. April 28, 1997

MS. MARTINEZ: MR. BLASE: MR. CARTER: MR. MASTERS: MS. CHAMPION: MR. MORGAN: MR. COLE: MS. PARKER: MR. EASON: MR. PAYNE: MR. GALLEMORE: MR. RICHTER: MR. GALVIN: MS. SNYDER: MR. GLOTZBACH: MR. SHELLEY: MR. GILLIAM: MR. TAYLOR: MS. JENNINGS: MR. TURNER: MR. KAUFMAN: MR. VEHIGE: MR. LINDNER: MR. WALKOVIAK: MR. LOPEZ: MR. HORACE WILKINS: MR. LYNCH: MR. RAY WILKINS:

The Communications Act of 1996 provides that SWBT may not discriminate in favor of any 272 affiliate in the provision or procurement of goods, services, facilities and information, or in the establishment of standards. In addition to this non-discrimination requirement, neither SWBT nor any of its non-272 affiliates may engage in the "installation, operation, or maintenance" ("OI&M") of a 272 affiliate's network, and no 272 affiliate may engage in the OI&M of SWBT's network.

As we move toward interLATA freedom and beyond, SBC will be under intense external scrutiny regarding its compliance with these legal requirements. It is very important that all affiliate transactions between SWBT and any 272 affiliate fully comply with these guidelines; failure to do so could, by law, result in delay or outright loss of SBC's authority to offer interLATA services. Since some activities are performed on SWBT's behalf by other affiliates (e.g., product development and network planning), affiliate transactions between a 272 affiliate and any non-272 affiliate may also be required to comply with these guidelines.

To assist existing in-region subsidiaries in meeting their legal and regulatory obligations, an oversight team is being established, comprised of representatives from Regulatory, Legal and In-region Strategic Planning. Additionally, the team will also include appropriate representatives from California and Nevada; a letter similar to this one will be circulated to the necessary PacTel organizations.

The goal of this in-region team is to provide expedited review of all affiliate transactions between SWBT or a non-272 affiliate and any subsidiary that is either currently operating under 272 structural separations rules or is slated to do so within the next year. This "272

Oversight Team" will meet each Friday for the purpose of reviewing proposed requests for affiliate services or other joint activities and to provide assistance in ensuring that the proposed transaction meets the OI&M / nondiscrimination tests.

Because we are under the legal obligation to provide a point of interface for our own subsidiaries that is identical to that provided to unaffiliated third parties, it is necessary to establish two separate points of contact for the 272 Oversight Team:

- All 272 affiliate requests for any SWBT-provided services should be directed to the customer contact point appropriate for the service being ordered (BSC, CPAT, Regional Marketing, etc.)
- All other affiliate transactions or other joint activities involving a SBC 272 subsidiary should be submitted in writing to Mary Marks, Senior Attorney, under a heading claiming Attorney/Client privilege, in care of Corine Duft (cd4537@stlmail8.sbc.com) prior to initiating any direct contact with the subsidiary from which the service is to be requested. These requests should contain a clear, concise statement of the facts, together with any attachments (drawings, supporting documentation, etc.) that will serve to better illuminate the issue. All requests should be submitted no later than close of business on Wednesday.

Effective immediately, please begin to coordinate with this group before instituting any affiliate transactions or other joint activities between existing or planned 272 subsidiaries and any other SBC affiliate. This process should help to ensure compliance with provisions of federal regulations and to avoid the risk of sanctions or other actions by a regulatory agency that can result from noncompliance. Further, the responsibility for adherence to these rules rests with each of us, as set forth in the Code of Business Conduct.

Your assistance in disseminating this information to your employees is appreciated.

Zeke Robertson

Senior Vice President - FCC

Durward D. Dupre

Vice President & Associate General Counsel -

Federal External Affairs, SWBT

# **ATTACHMENT J**

## **Code of Business Conduct**

"SBC Communications Inc. and its subsidiaries are strongly committed to the highest standards of integrity."



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#### **Code of Business Conduct**

To Employees of SBC Communications Inc. and its Subsidiary Companies

Dear Fellow Employee:

SBC Communications Inc. (SBC) and its subsidiaries are strongly committed to the highest standards of integrity. Truth, honesty and compliance with the law are not merely platitudes to SBC but, rather, reflect the core principles of our corporate culture. We've gained, and retained, the public's trust because of our employees' dedication to these corporate values. This public confidence is our most valued asset.

The business climate has never been as fast moving and competitive as it is today. In this environment, we must be faithful to these principles as we perform our jobs. The pressure to succeed, both on an individual and corporate level, does not absolve us of the responsibility to "do the right thing."

SBC's Code of Business Conduct provides basic guidelines to help you make these ethical decisions. I urge you to read it carefully.

These guidelines are intended to provide the general standards by which all SBC employees should assess the propriety of their actions. When there are no specific laws to direct us, integrity and personal responsibility should guide our decisions. Where there are legal requirements, we should comply not only with the letter, but also with the intent of the law.

We are SBC's ambassadors to the public. Regardless of the honesty and integrity of our employee body as a whole, the misdeeds of a few can reflect adversely upon us all. For that reason, the behavior of each of us must be appropriate and exemplary at all times. Any failure on the part of an individual to meet the standards embodied in this Code can lead to disciplinary action, up to and including dismissal and criminal or civil prosecution.

We value our well-deserved reputation for integrity. We have taught the public to expect the highest standards of service, quality and ethical behavior from SBC and its employees. We must, and will live up to those expectations.

"SBC's Code of Business Conduct provides basic guidelines to help you make these ethical decisions."

Edward E. Whitacre Jr.

Edward E. Whitaue

Chairman and

Chief Executive Officer

#### Compliance with the Law and Fair Competition

We must comply fully with the law, including the antitrust laws. We should avoid even the appearance of wrong-doing and, at all times, should conduct our businesses according to the highest ethical standards.

We should compete solely on the merits of our products and services and our ability to service what we offer, and not engage in any form of unfair competition.

Further, we are bound by the terms of the Modification of Final Judgment, entered by the United States District Court in Washington, D.C., on August 24, 1982. The separation of the Bell System companies was accompanied by a commitment to fair, non-discriminatory dealings in matters involving AT&T or its subsidiaries and competitors of AT&T or its subsidiaries. We must abide by these and the other legal restrictions and obligations imposed by the Modification of Final Judgment.

Accordingly, under no circumstances should any employee agree with a competitor to restrict competition by fixing prices, allocating markets, or other means. Generally, an employee should not even discuss with a competitor any matters directly involved in competition between such competitor and any SBC entity.

Employees should not arbitrarily refuse to deal with others, nor should they decline to purchase goods or services from others simply because they are competitors in other respects.

Equally important, an employee should not require others to buy from any SBC company before we will buy from them. Also, customers should not be required to take from any of us a service they do not want in order to obtain from us one they do want.

Some additional guidelines for employees are:

- Be accurate and truthful in all dealings with customers and be careful not to misrepresent the quality, features or availability of our products or services.
- Do not interfere with contracts made between a prospective customer and a supplier competing with any SBC company.
- Do not engage in industrial espionage or commercial bribery.
- Do not disparage a competitor's products or services.

Additionally, there are special FCC rules concerning the methods by which the SBC companies can offer enhanced services, customer premises equipment (CPE) and cellular mobile services. All employees must understand these rules and abide by them; not only in internal dealings, but in our dealings with others.

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